

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2015**

**CITY OF BELLEVUE
BELLEVUE, IOWA**

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**CITY OF BELLEVUE
BELLEVUE, IOWA**

OFFICIALS

Name	Title	Term Expires
Chris Roling	Mayor	2016
Jayson Heiar	Council Member	2018
Tim Roth	Council Member	2016
Gary Feuerbach	Council Member	2018
Darla Lawson	Council Member	2018
Allen Ernst	Council Member	2016
Loras Herrig	Administrator	2015
Janet Callaghan	City Clerk	2015
Cindy Blake	Assistant Clerk	2015
Steven Kahler	Attorney	2015
Lynn Schwager	Police Chief	2015
Chuck Keuter	Street Superintendent	2015

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bellevue, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bellevue as of June 30, 2015, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Emphasis of a Matter

As disclosed in Note 4 to the financial statements, City of Bellevue adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bellevue's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (none of which are presented herein) and expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, Management's Discussion and Analysis, the budgetary comparison information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 5 through 11 and 37 through 40 has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 24, 2016, on our consideration of the City of Bellevue's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

O'CONNOR, BROOKS & CO., P.C.

O'Connor, Brooks + Co., P.C.

Dubuque, Iowa
May 24, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Bellevue provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- Receipts included \$960,765 in property tax, \$359,705 in TIF, \$192,424 in local option tax, and \$227,826 in road use tax. Property taxes, TIF, local option sales tax, and road use tax are all increased from fiscal year 2014. Our TIF receipts continue to increase as the City experiences continued property development. Retail sales increased by approximately \$1,000,000 in the Bellevue area which provided increased local option sales tax. Legislative activity accounted for the increase in road use tax.
- Disbursements increased 0.6% in fiscal 2015 from fiscal 2014, a total of \$48,888. Disbursements in governmental activities decreased 14.7%, a total of \$585,408 and business type activities disbursements increased \$634,296 or 15.1%. The City continues to complete projects that were scheduled previously. As they are completed, overall disbursements should continue to decline.
- The City's total cash basis net position decreased \$70,497 or 2.3% from June 30, 2014 to June 30, 2015. Of this amount, the assets of the governmental activities increased \$156,990 and the assets of the business type activities decreased \$227,487. The City desires to increase reserves within the governmental activities while the business type activities are using some of their reserves to complete planned upgrades.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the city's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the nonmajor governmental and the City's indebtedness.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service, and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include water, sewer, electric, sanitation, ambulance, storm water, and telecommunications services. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

1. Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund; 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, and 4) the Capital Projects Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

2. Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business-type activities. The City maintains nine Enterprise Funds to provide separate information for the water, sewer, electric, sanitation, ambulance, storm water, telecommunication services, and customer deposits funds.

The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, from \$1,064,485 to \$1,221,475. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Position of Governmental Activities		
	Year Ended June 30,	
	2015	2014
Receipts:		
Program Receipts:		
Charges for services	\$ 66,247	\$ 66,049
Operating grants and contributions	368,385	368,089
Capital grants and contributions	476,641	18,017
General Receipts:		
Property tax	960,765	897,203
Tax increment financing	359,705	306,120
Local option sales tax	192,424	183,028
Other city tax	91,752	81,992
Unrestricted investment earnings	2,131	4,457
Proceeds of debt	545,000	-
Other general receipts	75,243	322,982
Total Receipts	<u>\$ 3,138,293</u>	<u>\$ 2,247,937</u>
Disbursements:		
Public safety	\$ 634,836	\$ 933,696
Public works	497,333	370,147
Culture and recreation	307,667	296,443
Community and economic development	278,821	173,906
General government	492,576	460,793
Debt service	472,010	1,074,273
Capital projects	722,643	682,036
Total Disbursements	<u>\$ 3,405,886</u>	<u>\$ 3,991,294</u>
Change in Cash Basis Net Position Before Transfers	\$ (267,593)	\$ (1,743,357)
Transfers, net	424,583	569,004
Change in Cash Basis Net Position	\$ 156,990	\$ (1,174,353)
Cash Basis Net Position Beginning of Year	1,064,485	2,238,838
Cash Basis Net Position End of Year	<u>\$ 1,221,475</u>	<u>\$ 1,064,485</u>

Total receipts for the City's governmental activities increased by 39.6%, or \$890,356. The total cost of all programs and services decreased 14.7%, or \$585,408. The increase in receipts was caused mainly by borrowing for the previously mentioned projects. The three main projects were Phase 2 of the Rivervue Trail, 7th Street reconstruction, and the public works building addition.

The cost of all governmental activities this year was \$3,405,886 compared to \$3,991,294 last year. Disbursements in the public works, culture and recreation, community and economic development, general government, and capital projects functions increased \$315,715 while public safety and debt service decreased \$901,123. The increases are the result of increased investment in streets and parks. The previously discussed increase in TIF revenues has also increased the payments to developers for previous projects completed. Public safety disbursements decreased due to unanticipated expenses in fiscal year 2014 related to a fire at the fire station. Debt service decreased as fiscal year 2014 included payments for a refunding of some of the City's debt.

Changes in Cash Basis Net Position of Business Type Activities

	Year Ended June 30,	
	2015	2014
Receipts:		
Program Receipts:		
Charges for services:		
Water	\$ 286,725	\$ 282,547
Electric	2,360,893	2,368,377
Sewer rental	445,217	443,874
Sanitation	384,451	347,176
Ambulance	137,155	122,976
Telecommunications	1,175,645	1,060,703
Storm water	73,259	75,494
Operating grants and contributions	8,833	8,271
General Receipts:		
Unrestricted investment earnings	9,038	9,681
Miscellaneous	126,089	106,185
Sale of Capital Assets	22,905	-
Total Receipts	<u>\$ 5,030,210</u>	<u>\$ 4,825,284</u>
Disbursements:		
Water	\$ 397,864	\$ 326,178
Electric	2,375,951	2,094,375
Sewer rental	212,025	219,035
Sanitation	327,513	299,145
Ambulance	296,227	126,947
Telecommunications	1,198,264	1,105,778
Storm water	16,663	11,494
Customers' deposits	8,607	15,866
Total Disbursements	<u>\$ 4,833,114</u>	<u>\$ 4,198,818</u>
Change in Cash Basis Net Position Before Transfers	\$ 197,096	\$ 626,466
Transfers, net	<u>(424,583)</u>	<u>(569,004)</u>
Change in Cash Basis Net Position	\$ (227,487)	\$ 57,462
Cash Basis Net Position Beginning of Year	<u>2,013,504</u>	<u>1,956,042</u>
Cash Basis Net Position End of Year	<u><u>\$ 1,786,017</u></u>	<u><u>\$ 2,013,504</u></u>

Total business type activities receipts for the fiscal year were \$5,030,210 compared to \$4,825,284 last year. The increase in receipts was due to growth in telecommunication revenues. Unfortunately, there was a corresponding increase in telecommunication expenses.

Total disbursements for the fiscal year were \$4,833,114 compared to \$4,198,818 last year. Disbursements increased due to improvements in utility infrastructure and increased operating costs.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Bellevue completed the year, its governmental funds reported a combined fund balance of \$1,221,475, an increase of \$156,990 from last year's total. The following are the major reasons for the changes in fund balances of the major funds from the previous year.

- The General Fund cash balance decreased from \$663,598 to \$575,935 due to completion of projects. The cash balance continues to be adequate for all operations.
- The Capital Projects Fund cash balance increased from \$113,524 to \$353,343 due to the receipts of grants for projects. This fund will eventually reach a zero balance as projects are completed.
- The Debt Service Fund cash balance increased from \$16,094 to \$17,402 due to minor fluctuations in receipts and disbursements.

INDIVIDUAL MAJOR BUSINESS-TYPE FUND ANALYSIS

- The Water Fund cash balance increased from \$124,745 to \$365,928 due to a loan from the Electric – Capital Equipment Fund. The water department has updated infrastructure which depleted reserves. The funds will be repaid from future water receipts.
- The Electric Fund cash balance decreased from \$1,039,267 to \$850,449. This is a result of investment in new infrastructure and equipment.
- The Electric – Capital Equipment Fund cash balance decreased from \$744,092 to \$524,897 as a result of the loan to the Water Fund.
- The Sewer Fund cash balance increased from \$(13,642) to \$171,034. This is due to the final payment being made on the sewage treatment plant debt in fiscal year 2014. This fund should show continued increases in the future in preparation for future upgrades.
- The Sanitation Fund cash balance increased from \$2,172 to \$20,402 as a result of rate increases put in place to build reserves.
- The Ambulance Fund cash balance decreased from \$307,502 to \$160,513 due to the purchase of an ambulance.
- The Storm Water Fund cash balance decreased from \$22,037 to \$19,090 as a result of funds being used to improve storm water control.
- The Telecommunications Fund cash balance decreased from \$(244,891) to \$(368,709) due to continued operating expense increases. This fund continues to experience difficulties. Efforts are being made to increase revenues through customer growth and reduce operating expenses by changing suppliers of various services.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved on May 26, 2015 to provide for unanticipated disbursements at year end. This did not increase taxes and reserves were used to offset all disbursements.

The City's total disbursements were under budget by \$1,765,354. The actual disbursements were lower due to timing of disbursements.

The city exceeded the amount budgeted in the community and economic development function due to disbursements related to the industrial park and TIF rebate agreements. As previously explained, the rebate agreements are covered by increased TIF receipts.

DEBT ADMINISTRATION

At June 30, 2015, the city had \$5,696,345 in long-term debt, compared to \$5,358,902 last year, as shown below.

Outstanding Debt at Year-end		
	June 30,	
	2015	2014
General obligation bonds	\$ 1,975,000	\$ 2,415,000
Revenue notes	2,736,345	2,863,902
Other obligations	985,000	80,000
	-----	-----
Total	\$ 5,696,345	\$ 5,358,902
	=====	=====

Total principal paid during the year was \$607,557.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$1,975,000 is below its constitutional debt limit of \$7,253,244.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Numerous issues were taken into account when adopting the budget for fiscal year 2016. Total revenues anticipated are \$7,375,454, a decrease from 2015 where total actual receipts were \$7,559,442. Total disbursements anticipated are \$6,665,914, a decrease from 2015 where total actual disbursements were \$8,239,000. The city continues to increase reserves to provide for future economic downturns while upgrading infrastructure where needed.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Loras Herrig, City Administrator, 106 N. Third Street, Bellevue IA 52031 or 563-872-4456.

**BASIC
FINANCIAL
STATEMENTS**

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs:	Program Receipts			Net (Disbursements) Receipts and Changes in Cash Basis Net Position			
	Disbursements	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities:							
Public safety	\$ 634,836	\$ 8,386	\$ 108,275	\$ ---	\$ (518,175)	\$ ---	\$ (518,175)
Public works	497,333	---	227,826	---	(269,507)	---	(269,507)
Culture and recreation	307,667	38,901	32,284	---	(236,482)	---	(236,482)
Community and economic development	278,821	---	---	---	(278,821)	---	(278,821)
General government	492,576	18,960	---	---	(473,616)	---	(473,616)
Debt service	472,010	---	---	---	(472,010)	---	(472,010)
Capital projects	722,643	---	---	476,641	(246,002)	---	(246,002)
Total Governmental Activities	\$ 3,405,886	\$ 66,247	\$ 368,385	\$ 476,641	\$ (2,494,613)	\$ ---	\$ (2,494,613)
Business Type Activities:							
Water	\$ 397,864	\$ 286,725	\$ ---	\$ ---	\$ ---	\$ (111,139)	\$ (111,139)
Electric	2,334,011	2,360,893	---	---	---	26,882	26,882
Electric - capital equipment	41,940	---	---	---	---	(41,940)	(41,940)
Sewer rental	212,025	445,217	---	---	---	233,192	233,192
Sanitation	327,513	384,451	---	---	---	56,938	56,938
Ambulance	296,227	137,155	8,833	---	---	(150,239)	(150,239)
Telecommunications	1,198,264	1,175,645	---	---	---	(22,619)	(22,619)
Storm water	16,663	73,259	---	---	---	56,596	56,596
Customer deposits	8,607	---	---	---	---	(8,607)	(8,607)
Total Business Type Activities	\$ 4,833,114	\$ 4,863,345	\$ 8,833	\$ ---	\$ ---	\$ 39,064	\$ 39,064
Total	\$ 8,239,000	\$ 4,929,592	\$ 377,218	\$ 476,641	\$ (2,494,613)	\$ 39,064	\$ (2,455,549)

See notes to financial statements.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Program Receipts			Net (Disbursements) Receipts and Changes in Cash Basis Net Position			
	Disbursements	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total
General Receipts and Transfers:							
Property tax levied for:					\$ 873,868	\$ ---	\$ 873,868
General purposes					86,897	---	86,897
Debt service					359,705	---	359,705
Tax increment financing					192,424	---	192,424
Local option sales tax					91,752	---	91,752
Other city tax					2,131	9,038	11,169
Unrestricted interest on investments					---	40,000	40,000
Interfund debt repayment					34,087	86,089	120,176
Miscellaneous					545,000	---	545,000
Proceeds of debt					20,000	22,905	42,905
Sale of capital assets					21,156	---	21,156
Compensation for the loss of assets					424,583	(424,583)	---
Transfers							
Total General Receipts and Transfers					<u>\$ 2,651,603</u>	<u>\$ (266,551)</u>	<u>\$ 2,385,052</u>
Change in Cash Basis Net Position					<u>\$ 156,990</u>	<u>\$ (227,487)</u>	<u>\$ (70,497)</u>
Cash Basis Net Position Beginning of Year					<u>1,064,485</u>	<u>2,013,504</u>	<u>3,077,989</u>
Cash Basis Net Position End of Year					<u>\$ 1,221,475</u>	<u>\$ 1,786,017</u>	<u>\$ 3,007,492</u>
Cash Basis Net Position:							
Restricted:							
Expendable:							
Urban renewal purposes					\$ 56,999	\$ ---	\$ 56,999
Debt service					17,402	---	17,402
Public safety					866	---	866
Streets					79,848	---	79,848
Museum					6,480	---	6,480
Library					17,642	---	17,642
Ambulance					105,313	---	105,313
Fire department					57,304	---	57,304
Unrestricted					879,621	1,786,017	2,665,638
Total Cash Basis Net Position					<u>\$ 1,221,475</u>	<u>\$ 1,786,017</u>	<u>\$ 3,007,492</u>

See notes to financial statements.

EXHIBIT "B"

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	General	Capital Projects	Debt Service	Nonmajor	Total
Receipts:					
Property tax	\$ 642,343	\$ ---	\$ 86,897	\$ 231,525	\$ 960,765
Tax increment financing	---	---	---	359,705	359,705
Other city tax	147,488	---	---	96,212	243,700
Licenses and permits	18,960	---	---	---	18,960
Use of money and property	10,557	74	133	1,115	11,879
Intergovernmental	126,572	458,473	---	227,826	812,871
Charges for services	35,903	---	---	---	35,903
Miscellaneous	19,011	33,915	---	55,428	108,354
	---	---	---	---	---
Total Receipts	\$ 1,000,834	\$ 492,462	\$ 87,030	\$ 971,811	\$ 2,552,137
	---	---	---	---	---
Disbursements:					
Operating:					
Public safety	\$ 622,491	\$ ---	\$ ---	\$ 12,345	\$ 634,836
Public works	154,635	---	---	342,698	497,333
Culture and recreation	307,667	---	---	---	307,667
Community and economic development	99,863	---	---	178,958	278,821
General government	492,576	---	---	---	492,576
Debt service	---	---	472,010	---	472,010
Capital projects	---	722,643	---	---	722,643
	---	---	---	---	---
Total Disbursements	\$ 1,677,232	\$ 722,643	\$ 472,010	\$ 534,001	\$ 3,405,886
	---	---	---	---	---
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ (676,398)	\$ (230,181)	\$ (384,980)	\$ 437,810	\$ (853,749)

See notes to financial statements.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	General	Capital Projects	Debt Service	Nonmajor	Total
Other Financing Sources (Uses):					
Proceeds of debt	\$ ---	\$ 545,000	\$ ---	\$ ---	\$ 545,000
Sale of capital assets	20,000	---	---	---	20,000
Compensation for the loss of assets	21,156	---	---	---	21,156
Operating transfers in	577,579	---	386,288	78,000	1,041,867
Operating transfers out	(30,000)	(75,000)	---	(512,284)	(617,284)
Total Other Financing Sources (Uses)	\$ 588,735	\$ 470,000	\$ 386,288	\$ (434,284)	\$ 1,010,739
Change in Cash Balances	\$ (87,663)	\$ 239,819	\$ 1,308	\$ 3,526	\$ 156,990
Cash Balances Beginning of Year	663,598	113,524	16,094	271,269	1,064,485
Cash Balances End of Year	\$ 575,935	\$ 353,343	\$ 17,402	\$ 274,795	\$ 1,221,475
Cash Basis Fund Balances:					
Restricted for:					
Urban renewal purposes	\$ ---	\$ ---	\$ ---	\$ 56,999	\$ 56,999
Debt service	---	---	17,402	---	17,402
Public safety	866	---	---	---	866
Streets	24,669	---	---	55,179	79,848
Museum	6,480	---	---	---	6,480
Library	17,642	---	---	---	17,642
Ambulance	---	---	---	105,313	105,313
Fire department	---	---	---	57,304	57,304
Committed for capital projects	---	353,343	---	---	353,343
Assigned for:					
Railroad related improvements	69,573	---	---	---	69,573
Public safety	17,358	---	---	---	17,358
General government	40,000	---	---	---	40,000
Culture and recreation	3,660	---	---	---	3,660
Unassigned	395,687	---	---	---	395,687
Total Cash Basis Fund Balances	\$ 575,935	\$ 353,343	\$ 17,402	\$ 274,795	\$ 1,221,475

See notes to financial statements.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Enterprise Funds				
	Water	Electric	Electric- Capital Equipment	Sewer Rental	Sanitation
Operating Receipts:					
Use of money and property	\$ ---	\$ 3,277	\$ ---	\$ ---	\$ ---
Charges for service	286,725	2,357,616	---	445,217	384,451
Miscellaneous	1,285	55,627	---	877	507
Total Operating Receipts	\$ 288,010	\$ 2,416,520	\$ ---	\$ 446,094	\$ 384,958
Operating Disbursements:					
Business type activities	357,864	2,334,011	41,940	212,025	327,513
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	\$ (69,854)	\$ 82,509	\$ (41,940)	\$ 234,069	\$ 57,445
Non-Operating Receipts (Disbursements):					
Intergovernmental	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Interest on investments	555	4,320	2,745	125	---
Interfund loan	400,000	---	(400,000)	---	---
Interfund debt repayments	---	---	40,000	---	---
Miscellaneous	---	---	---	---	---
Debt service	(40,000)	---	---	---	---
Total Non-Operating Receipts (Disbursements)	\$ 360,555	\$ 4,320	\$ (357,255)	\$ 125	\$ ---
Excess of Receipts Over Disbursements	\$ 290,701	\$ 86,829	\$ (399,195)	\$ 234,194	\$ 57,445
Other Financing Sources (Uses):					
Sale of capital assets	\$ ---	\$ 22,905	\$ ---	\$ ---	\$ ---
Operating transfers in	---	---	180,000	---	---
Operating transfers out	(49,518)	(298,552)	---	(49,518)	(39,215)
Total Other Financing Sources (Uses)	\$ (49,518)	\$ (275,647)	\$ 180,000	\$ (49,518)	\$ (39,215)
Change in Cash Balances	\$ 241,183	\$ (188,818)	\$ (219,195)	\$ 184,676	\$ 18,230
Cash Balances Beginning of Year	124,745	1,039,267	744,092	(13,642)	2,172
Cash Balances End of Year	\$ 365,928	\$ 850,449	\$ 524,897	\$ 171,034	\$ 20,402
Cash Basis Fund Balances:					
Unrestricted	\$ 365,928	\$ 850,449	\$ 524,897	\$ 171,034	\$ 20,402

See notes to financial statements.

**CITY OF BELLEUVE
BELLEVUE, IOWA**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASHBALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Enterprise Funds				
	Ambulance	Telecom- munications	Storm Water	Nonmajor - Customer Deposits	Total
Operating Receipts:					
Use of money and property	\$ ---	\$ ---	\$ ---	\$ ---	\$ 3,277
Charges for services	137,155	1,175,645	73,259	---	4,860,068
Miscellaneous	---	1,229	---	18,634	78,159
Total Operating Receipts	\$ 137,155	\$ 1,176,874	\$ 73,259	\$ 18,634	\$ 4,941,504
Operating Disbursements:					
Business type activities	296,227	969,172	16,663	8,607	4,564,022
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	\$ (159,072)	\$ 207,702	\$ 56,596	\$ 10,027	\$ 377,482
Non-Operating Receipts (Disbursements):					
Intergovernmental	\$ 8,833	\$ ---	\$ ---	\$ ---	\$ 8,833
Interest on investments	1,129	---	---	164	9,038
Interfund loan	---	---	---	---	---
Interfund debt repayments	---	---	---	---	40,000
Miscellaneous	7,930	---	---	---	7,930
Debt service	---	(229,092)	---	---	(269,092)
Total Non-Operating Receipts (Disbursements)	\$ 17,892	\$ (229,092)	\$ ---	\$ 164	\$ (203,291)
Excess of Receipts Over Disbursements	\$ (141,180)	\$ (21,390)	\$ 56,596	\$ 10,191	\$ 174,191
Other Financing Sources (Uses):					
Sale of capital assets	\$ ---	\$ ---	\$ ---	\$ ---	\$ 22,905
Operating transfers in	---	---	---	---	180,000
Operating transfers out	(5,809)	(102,428)	(59,543)	---	(604,583)
Total Other Financing Sources (Uses)	\$ (5,809)	\$ (102,428)	\$ (59,543)	\$ ---	\$ (401,678)
Change in Cash Balances	\$ (146,989)	\$ (123,818)	\$ (2,947)	\$ 10,191	\$ (227,487)
Cash Balances Beginning of Year	307,502	(244,891)	22,037	32,222	2,013,504
Cash Balances End of Year	\$ 160,513	\$ (368,709)	\$ 19,090	\$ 42,413	\$ 1,786,017
Cash Basis Fund Balances:					
Unrestricted	\$ 160,513	\$ (368,709)	\$ 19,090	\$ 42,413	\$ 1,786,017

See notes to financial statements.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1 - Summary of Significant Accounting Policies:

The City of Bellevue is a political subdivision of the State of Iowa located in Jackson County. It was first incorporated in 1851 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides, water, sewer, storm sewer, electric, sanitation, and cable and internet telecommunication utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Bellevue, Iowa, has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Jackson County Joint E911 Service Board, Bellevue Economic Tourism Association, Jackson County Municipal League, and Jackson County Economic Alliance.

B. Basis of Presentation

Government-wide Financial Statements - The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Basis of Presentation (Continued)

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the preceding category. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds in their respective financial statements.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the City's general long-term debt.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1 - Summary of Significant Accounting Principles: (Continued)

B. Basis of Presentation (Continued)

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Electric Fund accounts for the operation and maintenance of the City's electric system.

The Enterprise, Electric – Capital Equipment Fund is used to account for capital improvements relating to the City's enterprise funds.

The Enterprise, Sewer Rental Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Enterprise, Sanitation Fund is used to account for the operation and maintenance of the City's refuse collection services.

The Enterprise, Ambulance Fund is used to account for the operation and maintenance of the City's ambulance service.

The Enterprise, Telecommunications Fund is used to account for the operation and maintenance of the City's cable television and internet system.

The Enterprise, Storm Water Fund is used to account for the operation and maintenance of the City storm water system.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs followed by categorical block grants and then by general receipts.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1 - Summary of Significant Accounting Principles: (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through ordinance or resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Council intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2015, disbursements exceeded the amount budgeted in the community and economic development, general government, and debt service functions.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 2 - Cash and Pooled Investments:

The City's deposits in banks at June 30, 2015, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

Note 3 - Bonds and Notes Payable:

Annual debt service requirements to maturity for general obligation bonds, revenue notes, and other obligations are as follows:

Year Ending June 30	General Obligation Bonds		Revenue Notes	
	Principal	Interest	Principal	Interest
2016	\$ 385,000	\$ 26,010	\$ 131,882	\$ 97,210
2017	375,000	21,198	136,790	92,302
2018	370,000	16,510	122,920	87,256
2019	375,000	11,885	89,726	83,446
2020	305,000	7,198	93,014	80,158
2021-2025	165,000	3,405	518,772	347,090
2026-2030	---	---	621,068	244,792
2031-2035	---	---	743,580	128,282
2036-2040	---	---	278,593	9,508
	<u>\$ 1,975,000</u>	<u>\$ 86,206</u>	<u>\$ 2,736,345</u>	<u>\$ 1,170,044</u>

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 3 - Bonds and Notes Payable: (Continued)

Year Ending June 30	Other Obligations		Total	
	Principal	Interest	Principal	Interest
2016	585,000	10,078	1,101,882	133,298
2017	40,000	---	551,790	113,500
2018	40,000	---	532,920	103,766
2019	40,000	---	504,726	95,331
2020	40,000	---	438,014	87,356
2021-2025	200,000	---	883,772	350,495
2026-2030	40,000	---	661,068	244,792
2031-2035	---	---	743,580	128,282
2036-2040	---	---	278,593	9,508
	<u>\$ 985,000</u>	<u>\$ ---</u>	<u>\$ 5,696,345</u>	<u>\$ 1,266,328</u>

Revenue Notes:

The City has pledged future telecommunications customer receipts, net of specified operating disbursements, to repay \$3,150,000 in telecommunications revenue and refunding notes issued March 8, 2012. Proceeds from the notes were used for the refunding of project notes and provided financing for improving the City's telecommunications system. The notes are payable solely from telecommunications customer net receipts and are payable through 2037. Annual principal and interest payments on the notes are expected to require less than 20 percent of the receipts. Total principal and interest remaining to be paid on the notes is \$3,906,389. For the current year, principal and interest paid and total customer net receipts were \$229,092 and \$1,176,874, respectively.

The resolution providing for the issuance of the telecommunications revenue notes include the following provisions:

- (a) The principal of the notes bears interest from the date of the notes until the first interest adjustment date at the rate of 3.5% to 3.8% per annum. On March 1, 2017, March 1, 2022, March 1, 2027 and March 1, 2032 ("Interest Adjustment Dates"), the interest rate on the notes will be adjusted to a rate equal to 2.0% to 2.5% over the 5-year U.S. Treasury Constant Maturities as released by the Board of Governors of the Federal Reserve System.
- (b) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (c) Establish a Sinking Fund and make a monthly cash transfer equal to the principal and interest installment due on the next succeeding payment date.

The City's Telecommunications Fund balance is not sufficient to meet the Sinking Fund requirements.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 3 - Bonds and Notes Payable: (Continued)

General Obligation Notes:

On April 16, 2013, the City issued \$2,635,000 of general obligation refunding bonds, with interest rates ranging from 1.25% to 1.80%.

Other Obligations:

On June 30, 2004, the City of Bellevue entered into an agreement to repay the Electric Capital Improvement Fund \$400,000 expended for municipal wells. This amount will be repaid in annual installments of \$40,000 with the final payment due December 1, 2015.

On September 3, 2014, the City issued a grant anticipation project note for the Bellevue trail project. Under the terms of the note, the City can borrow up to \$600,000 at 2.5% interest. Principal and interest will be paid at the maturity date, September 1, 2015.

On January 14, 2015, the City of Bellevue entered into an agreement to repay the Electric Capital Improvement Fund \$400,000 expended for municipal water infrastructure. This amount will be repaid in annual installments of \$40,000 with the final payment due December 1, 2015.

Note 4 - Pension Plan:

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a regular member's monthly IPERS benefit includes:

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 4 - Pension Plan: (Continued)

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member received benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent. Protective occupation members contributed 6.76 percent and the City contributed 10.14 percent for a total rate of 16.80 percent.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 4 - Pension Plan: (Continued)

The City's contributions to IPERS for the year ended June 30, 2015 were \$101,666.

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions –

At June 30, 2015, the City's liability for its proportionate share of the collective net pension liability totaled \$446,178. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City proportion was 0.011250 percent, which was a decrease of .001350 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City's collective pension expense, collective deferred outflows and collective deferred inflows totaled \$43,233, \$284,047, and \$0, respectively.

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 4 - Pension Plan: (Continued)

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportional Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$ 1,017,047	\$ 446,178	\$ (35,517)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 5 - Other Postemployment Benefits (OPEB):

Plan Description - The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 22 active and 1 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Medical Associates Health Plans. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$628 for single coverage and \$1,596 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2015, the City contributed \$254,456 and plan members eligible for benefits contributed \$79,412 to the plan.

Note 6 - Development Agreements:

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate the incremental tax paid by the developer in exchange for the construction of buildings, housing, and certain infrastructure by the developers. The obligations under these agreements are subject to annual appropriation by the City Council. The total to be paid by the City under these agreements is not to exceed \$3,828,808.

The City has rebated a total of \$375,311 under these agreements. Of this amount \$178,958 was paid during the current year.

These agreements are not a general obligation of the City. However, the amount payable in the succeeding year is subject to the constitutional debt limitation of the City.

Note 7 - 28 E Agreements:

Communications Services -

On May 23, 1983, the City entered into a 28E Agreement with the City of Maquoketa. The agreement is for the purpose of providing the City of Bellevue with communication services for law enforcement and community protection purposes.

Community Protection Services -

On May 27, 1986, the City entered into a 28E Agreement with the Cities of Maquoketa, Preston, and Sabula. The agreement is for the purpose of providing more efficient law enforcement protection.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 7 - 28 E Agreements: (Continued)

On April 24, 1990, the City entered into a 28E Agreement with Jackson County. The agreement is for the purpose of providing more efficient law enforcement protection.

On April 28, 1999, the City entered into a 28E Agreement with the Bellevue Rural Fire Agency of Jackson County. The agreement is for the purpose of providing more efficient fire protection.

Landfill Operation -

In 1971 the City entered into a 28E Agreement with other Jackson County communities. The agreement is for the purpose of providing more efficient landfill operations.

Contract Law Enforcement -

In 2012, the City renewed its 28E Agreement with the Corp. of Engineers to provide increased law enforcement services during the period of May 22 - September 7, 2015 for the Pleasant Creek Recreation Area, Mississippi River Project.

Note 8 - 28 D Agreement:

Drug Task Force -

In 1997, the City entered into a 28D Agreement with various Jackson County and Jones County law enforcement agencies. The purpose of the agreement is to recognize the guidelines, terms and conditions set forth in the Iowa Code Chapter 28D relating to the interchange of federal, state, and local government employees in regards to the above 28E Drug Task Force Agreement.

Note 9 - Compensated Absences:

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. Sick leave and personal leave accumulates but is not payable upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation leave termination payments payable to employees at June 30, 2015 primarily relating to the General and Utility Funds, is as follows:

Type of Benefit	Amount
-----	-----
Vacation	\$ 74,695
	=====

The liability has been computed based on rates of pay as of June 30, 2015.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 10 - Interfund Transfers:

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to -----	Transfer from -----	Amount -----
General	Special Revenue:	
	Employee Benefits	\$ 231,760
	Enterprise:	
	Water	39,518
	Electric	118,552
	Sewer Rental	39,518
	Storm Water	3,779
	Sanitation	36,215
	Ambulance	5,809
	Telecommunications	102,428

		\$ 577,579

Special Revenue:		
LOT Street Improvement	Capital Projects	\$ 75,000
	Enterprise:	
	Sanitation	3,000

		\$ 78,000

Debt Service	General	\$ 30,000
	Special Revenue:	
	TIF - District	228,385
	LOT - Street Improvement	52,139
	Enterprise:	
	Water	10,000
	Sewer Rental	10,000
	Storm Water	55,764

		\$ 386,288

Enterprise:		
Electric- Capital Equipment	Electric	\$ 180,000

Total		<u><u>\$1,221,867</u></u>

Transfers are used to (1) move resources from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) move "in lieu of tax" payments from the enterprise funds, (4) reimburse funds for use of equipment, and (5) reimburse funds for disbursements.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 11 - Risk Management:

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2015 were \$116,330.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 11 - Risk Management: (Continued)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event that a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any reinsurance and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The City does not disclose a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been disclosed in the city's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

Note 12 - Deficit Fund Balance:

The Telecommunications Fund had a deficit balance at June 30, 2015, in the amount of \$368,709.

Note 13 - Related Party Transactions:

The City had business transactions between the City and City officials totaling \$1,639 during the year ended June 30, 2015.

Note 14 - Commitments and Contingencies:

In March 2014, the City approved the purchase of new financial, payroll, billing, and telecommunications software in the amount of \$380,000. No payment will be required until July 15, 2015.

In July 2014, the City entered into a contract in the amount of \$581,187 for sidewalk/trail improvements. At June 30, 2015, \$518,252 had been paid under the contract.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 14 - Commitments and Contingencies: (Continued)

In April 2015, the City entered into a contract totaling \$148,889 including change orders in the amount of \$26,754 for an addition to the public works building. No payments had been made under the contract as of June 30, 2015.

In May 2015, the City entered into a contract totaling \$351,765 including change orders in the amount of \$15,029 for the reconstruction of 7th Street. No payments had been made under the contract as of June 30, 2015.

Note 15 - Subsequent Events:

In October 2015, the City issued \$550,000 of general obligation project notes for street improvements and an additional to the City's public works building.

In March 2016, the City awarded a contract for a water main project in the amount of \$46,359.

In March 2016, the City issued \$200,000 of solid waste revenue notes for the purchase of equipment.

In May 2016, the City awarded a contract for a water treatment study in the amount of \$33,200.

In May 2016, the City approved an interfund loan in the amount of \$65,280 for the purchase of equipment.

The City's management has evaluated events and transactions for potential financial statement recognition and disclosure through May 24, 2016, the date the financial statements were available to be issued.

**OTHER
INFORMATION**

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN BALANCES - BUDGET AND ACTUAL (CASH BASIS) -
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
OTHER INFORMATION**

YEAR ENDED JUNE 30, 2015

	Governmental Funds Actual	Proprietary Funds Actual	Total	Budgeted Amounts		Final to Total Variance
				Original	Final	
Receipts:						
Property tax	\$ 960,765	\$ ---	\$ 960,765	\$ 937,374	\$ 937,374	\$ 23,391
Tax increment financing	359,705	---	359,705	307,877	307,877	51,828
Other city tax	243,700	---	243,700	252,208	252,208	(8,508)
Licenses and permits	18,960	---	18,960	14,950	14,950	4,010
Use of money and property	11,879	12,315	24,194	---	---	24,194
Intergovernmental	812,871	8,833	821,704	290,215	290,215	531,489
Charges for service	35,903	4,860,068	4,895,971	4,974,823	5,574,823	(678,852)
Miscellaneous	108,354	126,089	234,443	287,600	787,600	(553,157)
Total Receipts	\$ 2,552,137	\$ 5,007,305	\$ 7,559,442	\$ 7,065,047	\$ 8,165,047	\$ (605,605)
Disbursements:						
Public safety	\$ 634,836	\$ ---	\$ 634,836	\$ 558,219	\$ 964,267	\$ 329,431
Public works	497,333	---	497,333	432,624	548,452	51,119
Culture and recreation	307,667	---	307,667	342,699	342,699	35,032
Community and economic development	278,821	---	278,821	107,492	107,492	(171,329)
General government	492,576	---	492,576	487,356	492,356	(220)
Debt service	472,010	---	472,010	469,723	469,723	(2,287)
Capital projects	722,643	---	722,643	1,228,385	1,392,228	669,585
Business-type activities	---	4,833,114	4,833,114	4,605,699	5,687,137	854,023
Total Disbursements	\$ 3,405,886	\$ 4,833,114	\$ 8,239,000	\$ 8,232,197	\$ 10,004,354	\$ 1,765,354

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN BALANCES - BUDGET AND ACTUAL (CASH BASIS)-
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
OTHER INFORMATION**

YEAR ENDED JUNE 30, 2015

	Governmental Funds Actual	Proprietary Funds Actual	Total	Budgeted Amounts		Final to Total Variance
				Original	Final	
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ (853,749)	\$ 174,191	\$ (679,558)	\$ (1,167,150)	\$ (1,839,307)	\$ 1,159,749
Other Financing Sources (Uses), Net	1,010,739	(401,678)	609,061	775,000	1,375,000	(765,939)
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under)	\$ 156,990	\$ (227,487)	\$ (70,497)	\$ (392,150)	\$ (464,307)	\$ 393,810
Disbursements and Other Financing Uses	1,064,485	2,013,504	3,077,989	3,734,504	3,734,504	(656,515)
Balance Beginning of Year	\$ 1,221,475	\$ 1,786,017	\$ 3,007,492	\$ 3,342,354	\$ 3,270,197	\$ (262,705)

See accompanying independent auditor's report.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO OTHER INFORMATION
BUDGETARY REPORTING**

JUNE 30, 2015

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted receipts and other financing sources by \$1,700,000 and budgeted disbursements by \$1,772,157. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2015, disbursements exceeded the amount budgeted in the community and economic development, general government, and debt service functions.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR*
(IN THOUSANDS)**

OTHER INFORMATION

	2015 -----
City's proportion of the net pension liability	0.011250%
City's proportionate share of the net pension liability	\$ 446
City's covered-employee payroll	\$ 1,076
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	41.45%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

SCHEDULE OF CITY CONTRIBUTIONS

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS
(IN THOUSANDS)**

OTHER INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contributions	\$ 102	\$ 99	\$ 93	\$ 83	\$ 77	\$ 73	\$ 71	\$ 63	\$ 59	\$ 54
Contributions in relation to the statutorily required contribution	(102)	(99)	(93)	(83)	(77)	(73)	(71)	(63)	(59)	(54)
Contribution deficiency (excess)	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
City's covered-employee payroll	\$ 1,104	\$ 1,076	\$ 1,033	\$ 977	\$ 1,011	\$ 1,017	\$ 1,056	\$ 953	\$ 920	\$ 829
Contributions as a percentage of covered employee payroll	9.24%	9.20%	9.00%	8.50%	7.62%	7.18%	6.72%	6.61%	6.41%	6.51%

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO OTHER INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2015**

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**NOTES TO OTHER INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2015**

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

**SUPPLEMENTARY
INFORMATION**

CITY OF BELLEVUE
BELLEVUE, IOWA

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue						
	Road Use Tax	Employee Benefits	TIF District	LOT - Street Improvement	Fire Department Gift Fund	Ambulance Gift Fund	Total
Receipts:							
Property tax	\$ ---	\$ 231,525	\$ ---	\$ ---	\$ ---	\$ ---	\$ 231,525
Tax increment financing collections	---	---	359,705	---	---	---	359,705
Other city tax	---	---	---	96,212	---	---	96,212
Use of money and property	---	235	375	---	---	505	1,115
Intergovernmental	227,826	---	---	---	---	---	227,826
Miscellaneous	---	---	---	2,638	52,610	180	55,428
Total Receipts	\$ 227,826	\$ 231,760	\$ 360,080	\$ 98,850	\$ 52,610	\$ 685	\$ 971,811
Disbursements:							
Operating:							
Public safety	\$ ---	\$ ---	\$ ---	\$ ---	\$ 5,482	\$ 6,863	\$ 12,345
Public works	231,605	---	---	111,093	---	---	342,698
Community and economic development	---	---	178,958	---	---	---	178,958
Total Disbursements	\$ 231,605	\$ ---	\$ 178,958	\$ 111,093	\$ 5,482	\$ 6,863	\$ 534,001
Excess of Receipts Over Disbursements	\$ (3,779)	\$ 231,760	\$ 181,122	\$ (12,243)	\$ 47,128	\$ (6,178)	\$ 437,810
Other Financing Uses:							
Transfers in	\$ ---	\$ ---	\$ ---	\$ 78,000	\$ ---	\$ ---	\$ 78,000
Transfers out	---	(231,760)	(228,385)	(52,139)	---	---	(512,284)
Total Other Financing Sources (Uses)	\$ ---	\$ (231,760)	\$ (228,385)	\$ 25,861	\$ ---	\$ ---	\$ (434,284)

See accompanying independent auditor's report.

CITY OF BELLEVUE
BELLEVUE, IOWA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue						Total
	Road Use Tax	Employee Benefits	TIF District	LOT - Street Improvement	Fire Department Gift Fund	Ambulance Gift Fund	
Change in Cash Balances	\$ (3,779)	\$ ---	\$ (47,263)	\$ 13,618	\$ 47,128	\$ (6,178)	\$ 3,526
Cash Balances Beginning of Year	23,785	---	104,262	21,555	10,176	111,491	271,269
Cash Balances End of Year	<u>\$ 20,006</u>	<u>\$ ---</u>	<u>\$ 56,999</u>	<u>\$ 35,173</u>	<u>\$ 57,304</u>	<u>\$ 105,313</u>	<u>\$ 274,795</u>
Cash Basis Fund Balances:							
Restricted for:							
Urban renewal purposes	\$ ---	\$ ---	\$ 56,999	\$ ---	\$ ---	\$ ---	\$ 56,999
Streets	20,006	---	---	35,173	---	---	55,179
Ambulance	---	---	---	---	---	105,313	105,313
Fire department	---	---	---	---	57,304	---	57,304
Total Cash Basis Fund Balances	<u>\$ 20,006</u>	<u>\$ ---</u>	<u>\$ 56,999</u>	<u>\$ 35,173</u>	<u>\$ 57,304</u>	<u>\$ 105,313</u>	<u>\$ 274,795</u>

CITY OF BELLEVUE
BELLEVUE, IOWA

SCHEDULE OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2015

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
General Obligation:									
Street Improvement/Refunding Bonds:									
Bankers Trust	April 16, 2013	1.25%-1.80%	2,635,000	\$ 2,415,000	\$ ---	\$ 440,000	\$ 1,975,000	\$ 31,510	\$ ---
Revenue Notes:									
Telecommunications Notes:									
Bellevue State Bank	March 8, 2012	3.50%	925,000	\$ 866,927	\$ ---	\$ 25,790	\$ 841,137	\$ 29,782	\$ ---
Fidelity Bank	March 8, 2012	3.50%	925,000	866,927	---	25,790	841,137	29,782	---
Bellevue State Bank	March 8, 2012	3.80%	500,000	469,695	---	12,822	456,873	18,192	---
Fidelity Bank	March 8, 2012	3.80%	500,000	469,695	---	13,487	456,208	17,527	---
Bellevue State Bank	March 8, 2012	3.75%	150,000	95,329	---	24,850	70,479	3,110	---
Fidelity Bank	March 8, 2012	3.75%	150,000	95,329	---	24,818	70,511	3,142	---
Total Revenue Notes				\$ 2,863,902	\$ ---	\$ 127,557	\$ 2,736,345	\$ 101,535	\$ ---
Other Obligations:									
Grant Anticipation Loan Agreement Note:									
Bellevue State Bank	September 3, 2014	2.50%	600,000	\$ ---	\$ 545,000	\$ ---	\$ 545,000	\$ ---	\$ ---
Water Fund - Interfund Loan	June 30, 2004	---	400,000	80,000	---	40,000	40,000	---	---
Water Fund - Interfund Loan	January 14, 2015	---	400,000	---	400,000	---	400,000	---	---
				\$ 80,000	\$ 945,000	\$ 40,000	\$ 985,000	\$ ---	\$ ---

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**BOND AND NOTE MATURITIES
JUNE 30, 2015**

Year Ending June 30	General Obligation Notes		Revenue Notes					
	Street/Refunding		Telecommunications		Telecommunications		Telecommunications	
	Issued April 16, 2013		Issued March 8, 2012		Issued March 8, 2012		Issued March 8, 2012	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2016	1.25%	385,000	3.50%	26,430	3.50%	26,430	3.80%	13,844
2017	1.25%	375,000	3.50%	27,370	3.50%	27,370	3.80%	14,379
2018	1.25%	370,000	3.50%	28,343	3.50%	28,343	3.80%	14,935
2019	1.25%	375,000	3.50%	29,351	3.50%	29,351	3.80%	15,512
2020	1.45%	305,000	3.50%	30,395	3.50%	30,395	3.80%	16,112
2021	1.65%	130,000	3.50%	31,476	3.50%	31,476	3.80%	16,735
2022	1.80%	35,000	3.50%	32,596	3.50%	32,596	3.80%	17,383
2023	---	---	3.50%	33,755	3.50%	33,755	3.80%	18,055
2024	---	---	3.50%	34,956	3.50%	34,956	3.80%	18,753
2025	---	---	3.50%	36,199	3.50%	36,199	3.80%	19,478
2026	---	---	3.50%	37,486	3.50%	37,486	3.80%	20,231
2027	---	---	3.50%	38,820	3.50%	38,820	3.80%	21,013
2028	---	---	3.50%	40,200	3.50%	40,200	3.80%	21,826
2029	---	---	3.50%	41,630	3.50%	41,630	3.80%	22,670
2030	---	---	3.50%	43,111	3.50%	43,111	3.80%	23,547
2031	---	---	3.50%	44,644	3.50%	44,644	3.80%	24,457
2032	---	---	3.50%	46,232	3.50%	46,232	3.80%	25,403
2033	---	---	3.50%	47,876	3.50%	47,876	3.80%	26,385
2034	---	---	3.50%	49,579	3.50%	49,579	3.80%	27,406
2035	---	---	3.50%	51,343	3.50%	51,343	3.80%	28,465
2036	---	---	3.50%	53,169	3.50%	53,169	3.80%	29,566
2037	---	---	3.50%	36,176	3.50%	36,176	3.80%	20,718
Total		<u>\$ 1,975,000</u>		<u>\$ 841,137</u>		<u>\$ 841,137</u>		<u>\$ 456,873</u>

See accompanying independent auditor's report.

SCHEDULE "3" (Continued)

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**BOND AND NOTE MATURITIES
JUNE 30, 2015**

Revenue Notes							
Year Ending June 30	Telecommunications		Telecommunications		Telecommunications		Total
	Issued March 8, 2012		Issued March 8, 2012		Issued March 8, 2012		
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2016	3.80%	13,844	3.75%	25,667	3.75%	25,667	131,882
2017	3.80%	14,379	3.75%	26,646	3.75%	26,646	136,790
2018	3.80%	14,935	3.75%	18,166	3.75%	18,198	122,920
2019	3.80%	15,512	---	---	---	---	89,726
2020	3.80%	16,112	---	---	---	---	93,014
2021	3.80%	16,735	---	---	---	---	96,422
2022	3.80%	17,383	---	---	---	---	99,958
2023	3.80%	18,055	---	---	---	---	103,620
2024	3.80%	18,753	---	---	---	---	107,418
2025	3.80%	19,478	---	---	---	---	111,354
2026	3.80%	20,231	---	---	---	---	115,434
2027	3.80%	21,013	---	---	---	---	119,666
2028	3.80%	21,826	---	---	---	---	124,052
2029	3.80%	22,670	---	---	---	---	128,600
2030	3.80%	23,547	---	---	---	---	133,316
2031	3.80%	24,457	---	---	---	---	138,202
2032	3.80%	25,403	---	---	---	---	143,270
2033	3.80%	26,385	---	---	---	---	148,522
2034	3.80%	27,406	---	---	---	---	153,970
2035	3.80%	28,465	---	---	---	---	159,616
2036	3.80%	29,566	---	---	---	---	165,470
2037	3.80%	20,053	---	---	---	---	113,123
Total		\$ 456,208		\$ 70,479		\$ 70,511	\$2,736,345

See accompanying independent auditor's report.

SCHEDULE "3" (Continued)

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**BOND AND NOTE MATURITIES
JUNE 30, 2015**

Other Obligations							
Year Ending June 30	Water		Water		Grant Anticipation Note		
	Issued June 30, 2004		Issued January 14, 2015		Issued September 3, 2015		
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total
2016	---	40,000	---	---	2.50%	545,000	585,000
2017	---	---	---	40,000	---	---	40,000
2018	---	---	---	40,000	---	---	40,000
2019	---	---	---	40,000	---	---	40,000
2020	---	---	---	40,000	---	---	40,000
2021	---	---	---	40,000	---	---	40,000
2022	---	---	---	40,000	---	---	40,000
2023	---	---	---	40,000	---	---	40,000
2024	---	---	---	40,000	---	---	40,000
2025	---	---	---	40,000	---	---	40,000
2026	---	---	---	40,000	---	---	40,000
Total		\$ 40,000		\$ 400,000		\$ 545,000	\$ 985,000

See accompanying independent auditor's report.

**CITY OF BELLEUE
BELLEVUE, IOWA**

**SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Receipts:										
Property tax	\$ 960,765	\$ 897,203	\$ 858,702	\$ 830,566	\$ 837,102	\$ 722,589	\$ 667,720	\$ 644,719	\$ 642,154	\$ 546,571
Tax increment financing	359,705	306,120	305,452	250,105	286,488	401,214	297,412	293,229	51,096	76,502
Other city tax	243,700	240,152	220,680	212,676	185,434	171,326	170,662	169,377	168,422	144,020
Licenses and permits	18,960	15,537	16,882	18,610	13,719	14,698	14,593	13,420	13,421	11,327
Use of money and property	11,879	12,839	13,046	9,847	12,344	9,664	11,965	23,776	48,022	36,768
Intergovernmental	812,871	321,467	331,031	301,156	526,356	482,684	305,970	267,203	256,036	300,198
Charges for services	35,903	40,630	35,049	43,844	34,254	33,159	30,433	35,237	35,284	37,140
Miscellaneous	108,354	114,592	93,499	80,938	432,125	576,039	127,373	130,960	62,297	91,906
Total	\$ 2,552,137	\$ 1,948,540	\$ 1,874,341	\$ 1,747,742	\$ 2,327,822	\$ 2,411,373	\$ 1,626,128	\$ 1,577,921	\$ 1,276,732	\$ 1,244,432
Disbursements:										
Operating:										
Public safety	\$ 634,836	\$ 933,696	\$ 495,718	\$ 622,602	\$ 690,612	\$ 434,801	\$ 590,501	\$ 406,646	\$ 401,721	\$ 383,556
Public works	497,333	370,147	317,093	403,312	429,592	359,853	476,719	419,147	2,048,764	576,783
Culture and recreation	307,667	296,443	286,019	280,469	272,426	238,277	297,908	240,738	274,190	273,144
Community and economic development	278,821	173,906	89,670	26,558	50,640	76,579	70,805	7,053	6,987	10,055
General government	492,576	460,793	517,656	431,432	347,785	346,116	327,883	327,948	358,703	397,234
Debt service	472,010	1,074,273	677,675	617,641	690,358	656,952	876,026	456,016	440,669	200,076
Capital projects	722,643	682,036	448,121	378,484	36,649	697,932	352,917	431,850	---	---
Total	\$ 3,405,886	\$ 3,991,294	\$ 2,831,952	\$ 2,760,498	\$ 2,518,062	\$ 2,810,510	\$ 2,992,759	\$ 2,289,398	\$ 3,531,034	\$ 1,840,848

See accompanying independent auditor's report.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bellevue, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 24, 2016. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles. Our report included a disclaimer of opinion on the other information.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or

combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings as items I-C-15, I-D-15, and I-E-15 to be material weaknesses. Items I-C-15 and I-D-15 were noted in the prior year audit.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bellevue's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of non-compliance that are required to be reported under Government Auditing Standards which is noted in Part I of the accompanying Schedule of Findings as items I-A-15 and I-B-5. These items were also noted in the prior year audit. In addition, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2015, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Bellevue's Responses to Findings

The City of Bellevue's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Bellevue during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

O'CONNOR, BROOKS & CO., P.C.

O'Connor, Brooks & Co., P.C.

Dubuque, Iowa
May 24, 2016

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015**

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

- I-A-15 Telecommunication Services – The City did not consistently allocate the wages of City employees performing services for the telecommunication municipal utility as required by Chapter 388.10 of the Code of Iowa. No wages for service calls were allocated to the Telecommunications Fund in July and August 2014 resulting in an understatement of telecommunication service expenses.

Recommendation – All wages of employees performing telecommunications work should be allocated to the Telecommunications Fund.

Response – This will be done.

Conclusion – Response accepted.

- I-B-15 Telecommunication Services – By having a deficit balance in the Telecommunications Fund, the fund is in effect borrowing from the City's other funds including the General Fund which is not allowed according to Chapter 388.10 of the Code of Iowa.

Recommendation – The City should consider borrowing funds from outside sources to eliminate the deficit.

Response – The City will investigate that option at the earliest possible convenience. The City is also raising rates and looking at ways to reduce expenses to eliminate the deficit. These efforts should resolve the problem.

Conclusion – Response accepted.

INTERNAL CONTROL DEFICIENCIES:

- I-C-15 Segregation of Duties – One important aspect of internal control over financial reporting is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the individual who reconciles the City's checking account is also authorized to sign checks. The result is that intentional or unintentional errors or unauthorized transactions could occur and not be detected in a timely manner.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should be aware of the potential for problems resulting from a lack of segregation of duties and should consistently look for ways to improve the City's internal controls. We recommend the bank statements continue to be delivered directly to the City Administrator for review before being given to the individual responsible for the account reconciliations.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015**

Part I: Findings Related to the Financial Statements: (Continued)

Response – We believe we are doing everything possible to segregate duties. The City Administrator is reviewing bank statements first.

Conclusion – Response accepted.

- I-D-15 Adjusting Journal Entries – Material adjustments were made to represent a fair presentation of the City's financial statements at June 30, 2015. Adjustments included reclassifying cash balances, grant receipts, proceeds from the sale of property, transfers, disbursements from various utilities to the telecommunications fund, and an interfund loan. Misstatements in the financial statements could impair management and the City Council's ability to make informed decisions.

Recommendation – Management should review receipts and disbursements activity to assure that all financial information is recorded properly and reflected in the proper fund.

Response – This will be done.

Conclusion – Response accepted.

- I-E-15 Dual Signatures on Checks – The City currently has a policy requiring dual signatures on all checks. We noted one check where only one of the required signatures was present. The result is that material disbursements could occur without proper authorization or oversight.

Recommendation - All checks should be reviewed for dual signatures before being issued, in accordance with the City's policy.

Response - We will take steps to ensure that all checks will have dual signatures in accordance with the City's policy and review all checks for dual signatures prior to mailing.

Conclusion - Response accepted.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015**

Part II: Other Findings Related to Required Statutory Reporting:

II-A-15 Certified Budget – Disbursements during the year ended June 30, 2015, exceeded the amount budgeted in the community and economic development, general government, and debt service functions. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation – The budget should have been amended in sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget will be amended in the future, if applicable.

Conclusion – Response accepted.

II-B-15 Questionable Disbursements – We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-15 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-15 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Marie Zeimet, Administrative Staff, Owner of Zeimet's Garage, Inc.	Repairs & Maintenance	\$ 439
Stacy Heiar, Spouse of Council Member	Office cleaning	1,200

In accordance with Chapter 362.5(3)(k) of the Code of Iowa, the transactions with the employees do not appear to represent conflicts of interest since the transactions with each individual were less than \$2,500 during the fiscal year.

II-E-15 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-15 Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

**CITY OF BELLEVUE
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015**

Part II: Other Findings Related to Statutory Reporting: (Continued)

- II-G-15 Revenue Notes – The City established the appropriate account required by the telecommunications revenue note resolution. Even though required transfers were made during the year to the account, the fund balance was insufficient to meet the sinking fund account requirements of the telecommunication revenue resolution, so the City has a net earnings violation.

Recommendation – We recommend that the City review the status of the Telecommunication Fund and investigate ways to improve the cash position to comply with the note resolution requirement regarding fund balance.

Response – The City staff will discuss with the Council ways to improve the cash position so the City complies with the bond resolution.

Conclusion – Response accepted.

- II-H-15 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

- II-I-15 Financial Condition – The Telecommunications Fund had a deficit balance at June 30, 2015, in the amount of \$368,709.

Recommendation – The City should investigate alternatives to eliminate the deficit in this fund in order to return the fund to a sound financial position.

Response – We continue to research options on the Telecommunications Fund.

Conclusion – Response accepted.

- II-J-15 Urban Renewal Annual Report – The urban renewal report was not approved or certified to the Iowa Department of Management on or before December 1. The report was filed on March 1, 2015.

Recommendation – The City should file the annual urban renewal report timely.

Response – This will be done.

Conclusion – Response accepted.